

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

In re:

The Financial Oversight and Management Board
for Puerto Rico,

as representative of

The Commonwealth of Puerto Rico, et al.,

Debtors.¹

PROMESA

Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**LIMITED OBJECTION OF THE LAWFUL CONSTITUTIONAL DEBT COALITION
TO THE URGENT JOINT MOTION FOR ENTRY OF ORDER APPROVING
STIPULATION AND AGREED ORDER BY AND AMONG FINANCIAL OVERSIGHT
AND MANAGEMENT BOARD, ITS SPECIAL CLAIMS COMMITTEE, AND
OFFICIAL COMMITTEE OF UNSECURED CREDITORS RELATED TO JOINT
PROSECUTION OF DEBTOR CAUSES OF ACTION²**

¹ The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283- LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

² Capitalized terms not defined herein shall have the meanings ascribed to them in the *Urgent Joint Motion for Entry of Order Approving Stipulation and Agreed Order by and among Financial Oversight and Management Board, its Special Claims Committee, and Official Committee Of Unsecured Creditors Related to Joint Prosecution of Debtor Causes Of Action* (Dkt. 6305) (the "Motion").

The Lawful Constitutional Debt Coalition (the “LCDC”)³ is highly supportive of preserving claims and causes of action belonging to the Commonwealth (the “Commonwealth Causes of Action”) that could potentially enhance the recoveries of the Commonwealth’s valid creditors. Accordingly, generally speaking, the LCDC has no objection to the Stipulation and Agreed Order (the “Stipulation”) that is the subject of the Motion, which provides a framework for the joint pursuit of the Commonwealth Causes of Action by the Oversight Board, its Special Claims Committee, and the Committee (collectively, the “Movants”). Indeed, the Committee’s joint prosecution of the Commonwealth Causes of Action contemplated by the Stipulation could be essential to their preservation, given the statements by certain holders of challenged bonds that they intend to challenge the validity of any actions taken by the Oversight Board.⁴

Given the extremely shortened notice on which the Motion was filed, however, the LCDC has had only limited time to review the Stipulation, and has not yet had an opportunity to discuss its potential ramifications or application with the Movants. Accordingly, in an abundance of caution, the LCDC files this limited objection to ensure that nothing in the Stipulation (i) modifies in any way the application of Section 1123(b) of the United States Bankruptcy Code to any plan of adjustment or any Commonwealth Cause of Action, including the ability to create a litigation trust to continue to pursue or commence Commonwealth Causes of Action, or (ii) impairs creditors’ rights to object to the manner in which any Commonwealth Causes of Action are

³ The members of the LCDC and their respective holdings are set forth in the *First Supplemental Verified Statement of the Lawful Constitutional Debt Coalition Pursuant to Federal Rule of Bankruptcy Procedure 2019* (Dkt. 5807).

⁴ See, e.g., *Informative Motion and Reservation of Rights by Aurelius Capital Management, LP, on Behalf of the Funds and Entities it Manages or Advises, and Not in its Individual Capacity* (Dkt. 5977) at 4 (“[T]here is no longer any doubt that all actions undertaken by the invalid Board after February 15, 2019 are at risk of being invalidated. The Board proceeds in this period at its peril, and so do those who rely on its actions.”).

addressed under a plan of adjustment. To the extent that the Stipulation does so, the LCDC hereby objects to its entry.

DATED: April 17, 2019

Respectfully submitted,

REICHARD & ESCALERA

QUINN EMANUEL URQUHART &
SULLIVAN, LLP

By : /s/ Rafael Escalera
Rafael Escalera
USDC No. 122609
escalera@reichardescalera.com

Susheel Kirpalani (*pro hac vice*)
susheelkirpalani@quinnemanuel.com

Sylvia M. Arizmendi
USDC-PR 210714
arizmendis@reichardescalera.com

K. John Shaffer (*pro hac vice*)
johnshaffer@quinnemanuel.com

Carlos R. Rivera-Ortiz
USDC-PR 303409
riverac@reichardescalera.com

Daniel Salinas
USDC-PR 224006
danielsalinas@quinnemanuel.com

Gustavo A. Pabón-Rico
USDC-PR 231207
pabong@reichardescalera.com
255 Ponce de León Avenue
MCS Plaza, 10th Floor
San Juan, Puerto Rico 00917-1913

Matthew Scheck (*pro hac vice*)
matthewscheck@quinnemanuel.com

Eric Kay (*pro hac vice*)
erickay@quinnemanuel.com

Darren M. Goldman (*pro hac vice*)
darrengoldman@quinnemanuel.com

Zachary Russell (*pro hac vice*)
zacharyrussell@quinnemanuel.com

51 Madison Avenue, 22nd Floor
New York, New York 10010-1603

Co-Counsel for the Lawful Constitutional Debt Coalition

CERTIFICATE OF SERVICE

I hereby certify that on this same date, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to counsel for the parties of record.

/s/Carlos R. Rivera-Ortiz
USDC-PR 303409